



Community Providers Association
Caring for Connecticut.

February 18, 2010
Appropriations Committee Public Hearing on the
Governor's Proposed FY11 Budget for Health and Hospitals Budget

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Short-Term and Long-Term Solutions

Good evening. I am Alyssa Goduti, Vice President for Public Policy at the Connecticut Community Providers Association (CCPA). CCPA represents organizations that provide services and supports for people with disabilities and significant needs including children and adults with substance use disorders, mental illness, developmental, and physical disabilities.

Our members provide vital human services to hundreds of thousands of individuals across the state. We provide essential human services that keep people out of emergency rooms, hospitals, emergency shelters and prisons. Our work plays a vital role by serving as the safety net for many of our state's most vulnerable citizens. For more than 25 years, community providers have maintained high quality services despite being inadequately funded by the state, with increases that haven't come close to covering the costs of services. As the Medical Consumer Price Index has grown by over 201 %, the funding to cover costs of services for community providers has only increased 33%. That is an average funding increase of 1%, while staffing costs (wages and insurance) and the costs to run residential and clinical services (including food and fuel) have gone up exponentially.

The current budget means three consecutive years with a zero (0%) percent increase in funding to cover the rising cost of services. That flat funding, coupled with recent rescissions and the deficit mitigation means cuts for community providers, for some up to 5 %.

Community providers are facing challenges on multiple fronts:

- State funding has been reduced
- Private fundraising has gone down due to the economy
- Community foundations are facing increased demands and are reducing funding
- Costs for healthcare are going up and
- In difficult economic times, demands for our services and supports increase significantly.

How this funding scenario has impacted community provider agencies and their clients? A survey by CCPA in December based on three years with no funding increases, recent rescissions

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and the previously proposed deficit mitigation plan paints a very dire future outlook for the community provider system.

- Community provider agencies could shed over 2,000 jobs. These are the people who support individuals with disabilities in community-based locations – group homes, apartments, job training programs, outpatient clinics and in-home settings for children and their families.
- In addition to Layoffs, the vast majority of providers are delaying hiring or keeping positions vacant.
- Providers are reducing hours of work, freezing wages, reducing benefits and increasing employee contributions for benefits.
- More importantly, these job losses will equate to service reductions for consumers.
 - Providers are reducing direct services and
 - Refusing admission for new clients
 - Our survey data shows that 50,000 people may receive no services or reduced services.

Funding cuts to community providers are a short-term fix with significant long-term costs. We need a long-term systematic way to provide consistent and stable funding increases to the community provider system in a way that keeps pace with the growing cost of providing services.

As you grapple with this historic fiscal crisis, we urge you to remember that community providers are a key part of the fiscal solution. We provide alternatives to more costly and restrictive systems of care including institutional care, emergency rooms, inpatient hospital stays and the Corrections and Judicial systems. With adequate funding we can continue to provide basic health and human services in local communities in a cost effective and efficient way.

Specific Concerns related to DDS:

1. *DDS Attendance-Based Reimbursement* - The DDS budget includes a nearly \$6M reduction to Employment Opportunities and Day Services. The budget proposes shifting those services into an attendance-based reimbursement system, which passes on those cuts directly to providers and disproportionately impacts providers who serve a more medically frail or behaviorally challenged population. The Legislature passed a bill in the September 2009 Special Session to require an Advisory Committee to Study the Reimbursement of Services under DDS, which was supposed to develop a plan for an attendance-based system reporting out by January 2011. We are incredibly concerned about the implementation of this major change on a very quick timetable, the administrative burden this new system places on providers, the financial impact this change has on provider and the implications for consumers and their families.
2. *Birth to Three Insurance Billing* – The Governor’s budget removes an incentive for Birth to Three Programs to collect insurance billing revenue. The past practice was to allow providers to maintain 10% of those insurance billing receipts. We anticipate that removing this small incentive will result in reduced insurance collections overall.

We recommend that the Department consider centralizing all insurance billing for Birth to Three. This could help maximize collections and reduce administrative costs for Birth to Three Programs.

3. *Birth to Three Referral System* – The Birth to Three System recently diverted all new referrals from its private provider programs to allow for all new referrals to go directly to the state run program, Early Connections. This has resulted in reduced revenue for private Birth to Three providers and layoffs in some situations. The private provider Birth to Three programs provide the same services at a significantly lower cost than the state run Birth to Three Program. The Department should be focusing on the most efficient and cost effective means of delivering Birth to Three Services.

DMHAS:

1. *Annualization of 2% Rescissions* - The Governor's proposed budget annualizes rescissions that equate to a 2% cut for many DMHAS providers. The Community provider system has been underfunded for over 20 years. This funding cut on top of inadequate and nonexistent COLAs hampers the ability of providers to maintain the safety net of services for people with behavioral health needs.
2. *Cuts to Employment Services* - The Governor's budget cuts funding for employment services for people served by DMHAS, DDS and BRS. People with disabilities historically have had the highest unemployment rates of any group. Without these employment supports individuals will likely have to rely on others forms of state assistance, which will likely cost more in the long-run than helping to keep them employed.
3. *Cuts to Methadone Treatment* - The Governor's budget includes a reduction to methadone providers. This is on top of other recent reductions for methadone services. Methadone has proven to be an excellent long-term resource to help people with heroine addictions. Methadone maintenance is a vital addiction treatment service that needs to be available for people in CT seeking treatment for heroine addictions.

Compounded COLA vs. Compounded CPI and Medical CPI FY1987-FY2010

